

ASSEMBLY BILL

No. 1562

Introduced by Committee on Jobs, Economic Development, and the Economy (Arambula (Chair), Canciamilla, Houston, and Oropeza)

February 22, 2005

An act to add Section 13985 to, and to add Article 6.5 (commencing with Section 12065) to Chapter 1 of Part 2 of Division 3 of Title 2 of, the Government Code, relating to international trade.

LEGISLATIVE COUNSEL'S DIGEST

AB 1562, as introduced, Committee on Jobs, Economic Development, and the Economy. International trade.

Existing law generally sets forth the duties of the Secretary of Business, Transportation and Housing in the promotion of international trade and investment activities.

This bill would require the agency to be responsible for coordinating and conducting international trade and investment programs and activities in the state. It would require the secretary, upon the direction of the Governor, to establish a California Office of Global Trade and Investment in the agency, under a director designated by the secretary, and would set forth the duties of the office in carrying out the agency's responsibilities with respect to international trade and investment in the state. It would specify that these provisions would be implemented subject to the appropriation of funding or the availability of existing resources, sufficient for this purpose.

The bill would, no later than April 1, 2006, require the secretary to present to the Governor and the Legislature a well-defined, customer-driven international trade and investment strategy that includes specified components.

The bill would require the secretary, in coordination with the director of the office, and to the extent sufficient resources, including nonstate funds, are available for that purpose, to develop a statewide collaborative partnership of public-private international trade development organizations to achieve specified international trade and investment purposes, and with authority to conduct specified activities in that regard.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The statutory authority for the Technology,
2 Trade, and Commerce Agency, including the agency's
3 international trade and investment promotion programs, was
4 repealed by Chapter 229 of the Statutes of 2003, thereby
5 reducing the capacity of state government to assist California
6 firms in developing global business opportunities.

7 (b) The repeal of the statutory authority for the Technology,
8 Trade, and Commerce Agency has increased the importance of
9 strengthening collaborative linkages among remaining
10 California-based international trade and investment promotion
11 programs operated at federal, state, regional, and local levels.
12 These programs include, but are not limited to, the Centers for
13 International Trade Development operated by the California
14 Community Colleges, 15 offices of the United States
15 Commercial Service within the United States Department of
16 Commerce, numerous local and regional World Trade Centers,
17 and public and private economic development and trade
18 associations.

19 (c) According to data for 2000, international trade and
20 investment activity in the state supports one in every seven
21 California jobs.

22 (d) According to the Public Policy Institute of California:

23 (1) Nearly 94 percent of all exporters located in California are
24 small- or medium-sized firms.

25 (2) Exporters are more productive and pay higher wages than
26 nonexporters.

1 (3) Effective state programs supporting export opportunities
2 should identify and respond to differing needs of both
3 export-willing and export-ready firms.

4 (e) Therefore, it is the intent of the Legislature in enacting this
5 act to do all of the following:

6 (1) Provide statutory authority to the Business, Transportation
7 and Housing Agency to conduct international trade and
8 investment programs on behalf of the state and create, upon the
9 availability of resources for that purpose, a California Office of
10 Global Trade and Investment to coordinate the state's activities
11 and functions within this critical policy area.

12 (2) Require the Secretary of Business, Transportation and
13 Housing to develop a statewide collaborative partnership of
14 public and private international trade and investment
15 development and support organizations designed to leverage
16 available federal, state, local, other public, and private
17 investments to support this state's international trade and
18 investment promotion programs and organizations at the state,
19 regional, and local level.

20 (3) In order to maximize this state's capacity to deliver
21 international trade and investment services to California firms,
22 authorize the Secretary of Business, Transportation and Housing
23 to enter into memoranda of understanding and other appropriate
24 instruments with public agencies at the federal, state, regional,
25 and local levels, as well as with nonprofit entities engaged in
26 international trade promotion and investment, as appropriate.

27 SEC. 2. Article 6.5 (commencing with Section 12065) is
28 added to Chapter 1 of Part 2 of Division 3 of Title 2 of the
29 Government Code, to read:

30
31 Article 6.5. International Trade and Investment
32

33 12065. The Business, Transportation and Housing Agency
34 shall be responsible for coordinating and conducting international
35 trade and investment programs and activities in the state.

36 12066. (a) Upon the direction of the Governor, the Secretary
37 of Business, Transportation and Housing shall establish a
38 California Office of Global Trade and Investment in the
39 Business, Transportation and Housing Agency, which shall be

1 the primary entity carrying out the agency's responsibilities with
2 respect to international trade and investment in the state.

3 (b) The office shall perform all of the following activities:

4 (1) Attract foreign investment to the state that is
5 environmentally responsible, employment-producing, or
6 otherwise beneficial to the social, cultural, economic, and
7 educational priorities of this state.

8 (2) Identify and accept nonstate funding to support
9 international trade development and promotion, including, but
10 not limited to, funding from federal and nonprofit sources such as
11 the United States Department of Commerce, the United States
12 Department of Energy, the World Bank, and other entities as
13 appropriate.

14 (3) Coordinate with existing international trade service
15 providers at the federal, state, and local levels, in accordance
16 with Section 13985, in order to assist California businesses,
17 including small- and medium-sized firms, which include
18 microbusinesses, as defined in paragraph (2) of subdivision (d) of
19 Section 14837, in accessing international markets. This
20 assistance shall include, but need not be limited to, export and
21 import assistance.

22 (4) Seek input from California business and industry sectors,
23 and other constituencies, as appropriate, regarding issues that
24 may constitute barriers to international trade and investment.

25 (5) Interface and collaborate with other state officers and
26 department and agency heads engaged in promoting, influencing,
27 and facilitating this state's international trade activities.

28 (c) The secretary shall designate a director of the office to
29 conduct international trade activities on behalf of the state. The
30 director shall be qualified and experienced in international trade.

31 (d) This section shall be implemented subject to the
32 appropriation of funding or the availability of existing resources
33 sufficient for this purpose.

34 12067. Not later than April 1, 2006, the Secretary of Business,
35 Transportation and Housing shall present to the Governor and the
36 Legislature a well-defined, customer-driven international trade
37 and investment strategy that, at a minimum, includes all of the
38 following:

39 (a) Clear policy goals and outcome measures.

1 (b) Effective coordination with other local, state, and federal
2 organizations, programs, and services related to international
3 trade and investment, including, but not limited to, those
4 organizations and entities listed in subdivision (a) of Section
5 13985.

6 (c) An outreach strategy to identify and facilitate direct foreign
7 investment in this state. This strategy shall promote a vision of
8 this state as a prime location for commerce, economic
9 development, and tourism, and market California's significant
10 business opportunities for international trade and investment to
11 the public, industry, decisionmakers, and foreign leaders.

12 SEC. 3. Section 13985 is added to the Government Code, to
13 read:

14 13985. (a) The Legislature finds and declares that
15 public-private trade development organizations, such as the
16 CalTrade Coalition, Centers for International Trade Development
17 operated by the California Community Colleges, World Trade
18 Centers, 15 California-based offices of the United States
19 Commercial Service within the United States Department of
20 Commerce, chambers of commerce, local economic development
21 corporations, and other similar entities have demonstrated their
22 effectiveness in expanding California exports with the support of
23 the federal government, local governments, and the private
24 sector. It is in the state's interest to utilize these organizations as
25 cost-effective local delivery mechanisms of California trade
26 services, especially to small- and medium-sized firms, including
27 microbusinesses, as defined in paragraph (2) of subdivision (d) of
28 Section 14837.

29 (b) Therefore, the Secretary of Business, Transportation and
30 Housing shall develop, in coordination with the Director of the
31 California Office of Global Trade and Investment, a statewide
32 collaborative partnership of public-private international trade
33 development organizations to achieve all of the following
34 international trade and investment purposes:

35 (1) Leverage existing and available federal, state, local, public,
36 and private investments to support California's international
37 trade and investment promotion programs and organizations at
38 the state, regional, and local level.

39 (2) Assist California businesses and industries in maintaining
40 and increasing their global market share through enhanced export

1 of goods and services, including the identification of target
2 industries and markets with the assistance of entities including,
3 but not limited to, the Economic Strategy Panel convened by the
4 Secretary of Labor and Workforce Development.

5 (3) Provide an effective trade assistance structure, which
6 recognizes the needs of export-willing companies to achieve
7 export readiness, including creation of clear pathways and
8 support services designed to identify and develop export-ready
9 firms and refer export-willing firms to sources of assistance.

10 (4) Improve local and regional outreach and improved
11 one-stop delivery of international trade and investment support
12 services to California firms from entities, including, but not
13 limited to, the following:

14 (A) State entities, including, but not limited to, the Department
15 of Food and Agriculture, the California Community Colleges
16 Centers for International Trade Development, the California
17 Energy Resources Conservation and Development Commission's
18 Energy Export Programs, the Economic Strategy Panel convened
19 by the Secretary of Labor and Workforce Development, and
20 international trade research, education, and student exchange
21 programs provided through state colleges and universities.

22 (B) The private sector, including for-profit businesses and
23 nonprofit organizations, such as regional alliances,
24 public-private trade development organizations, and local
25 economic development corporations.

26 (C) (i) Federal government programs, including, but not
27 limited to, the United States Commercial Service within the
28 United States Department of Commerce, the EXIM Bank of the
29 United States, the United States Department of Agriculture
30 Foreign Agricultural Service, and other relevant agencies.

31 (ii) The Secretary of Business, Transportation and Housing
32 may partner, through memoranda of understanding or other
33 appropriate instruments, with public agencies at the federal, state,
34 regional, and local levels, as well as with nonprofit entities
35 engaged in international trade promotion and investment, as
36 appropriate.

37 (D) Local agencies, including, but not limited to, ports and
38 airports.

39 (E) Other local community-based organizations committed to
40 international trade development, such as chambers of commerce

1 and city, county, and regional economic development
2 organizations.

3 (F) Other international-based organizations, such as the World
4 Bank, or foreign governments committed to international
5 development who seek to advance bilateral or multilateral
6 mutually beneficial trade.

7 (c) Under the leadership of the Secretary of Business,
8 Transportation and Housing, the statewide partnership may
9 undertake activities, including, but not limited to, the following:

10 (1) Identify small- and medium-sized businesses, including
11 microbusinesses, as defined in paragraph (2) of subdivision (d) of
12 Section 14837, and assess their preparedness for specific
13 international trade services.

14 (2) Provide customized services to assist businesses to
15 effectively utilize federal, state, regional, and local international
16 trade programs.

17 (3) To the extent feasible, utilize an electronic trade
18 information system.

19 (4) Organize regular collaborative meetings of trade service
20 providers to improve statewide service delivery and discuss the
21 efficacy of the statewide partnership.

22 (d) For purposes of this section, the following definitions shall
23 apply:

24 (1) "International trade" consists of export and import of a
25 broad spectrum of goods and services, including, but not limited
26 to, agricultural, mineral, and manufacturing products and
27 scientific, medical, technical, insurance, financial, and business
28 products and services.

29 (2) "Private sector" means private for-profit or nonprofit
30 entities.

31 (3) "Public-private trade development organizations" means
32 one or more organizations designated by the Business,
33 Transportation and Housing Agency that uses public and private
34 resources to achieve measurable increases in California exports
35 and foreign investments by providing coordinated services on a
36 one-stop basis.

37 (4) "Public sector" means any branch or agency of the federal,
38 state, or local government.

39 (5) "Statewide" means the ability to serve businesses and
40 involve local stakeholders in a coordinated fashion in at least the

1 majority of the Metropolitan Statistical Areas of California that
2 evidence strong export potential, as demonstrated by appearing
3 on the Exporter Location Series prepared by the United States
4 Office of Trade and Economic Analysis.

5 (e) This section shall only be implemented to the extent that
6 sufficient resources, including nonstate funds, are available for
7 this purpose.